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JUL 24 1957

25X1 : Chief of Station, [redacted]
25X1 ATTN: [redacted]
: Comptroller

- Administrative/Finance
- Costing of Property Procurement and Issues

25X1 REFERENCE: [redacted]

1. The directive transmitted with reference has been reviewed and in our opinion it should accomplish the objective of establishing a device to assure that total assets (cash and property) made available to a project or an activity do not exceed the amount approved therefor.

2. The procedure prescribed by the directive results in overstatements of obligations and understatements of unobligated balances of allotments for projects and activities, at least during each quarterly period until the adjustments of allotments and obligations provided for in paragraph 6a have been effected. We recognize that for station and base management purposes the recording of property issues as reductions of allotment balances provides a beneficial result since the net remaining amount available for use by the project or activity is reflected. After full consideration of this matter, it is the view of all interested components at headquarters, however, that the bases should not record such property issue transactions on field allotment control records inasmuch as this results in overstating obligations on field allotment reports as well as on headquarters accounts and status of allotment reports. Accordingly, this directive should be changed to prescribe that postings of property issues shall be made only to the Memorandum Records provided for in paragraph 6a and to require for station or base management purposes the preparation of a periodic report showing the net balances available in each allotment after reducing the allotments by the property issues as reflected in the Memorandum Records. In this manner, actual adjustments of allotments can be effected as contemplated by the

25X1

~~SECRET~~

M-400

CONFIDENTIAL~~SECRET~~

25X1

Page 2

directive on a quarterly basis, but records and reports on the status of allotments will not be distorted by the property issue transactions.

3. In paragraph 4 of reference you make specific reference to paragraph 3a of the directive and solicit our support relative to the procedures desired when orders or requisitions for material are placed upon headquarters. Established procedures at headquarters would require substantial changes to accomplish the result contemplated by the second sentence of paragraph 3a. As you know, property procurements at headquarters are initially charged to procurement allotments rather than the allotments of individual projects or activities. Property requisitioned from headquarters by field locations operating under FPA procedures is transferred to the FPA location without charge to cost or to any allotment at headquarters. Accordingly, the directive should be amended throughout to provide that property requisitioned from headquarters will be treated in the same manner as property requisitioned from the field supply depot which was purchased and charged against other allotments and carried in stock in anticipation of requisitions from unidentifiable projects or activities (paragraph 2b of directive). This will require at least a modification of paragraph 3a and deletion from the first sentence of paragraph 2 of the words "or at headquarters".

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R. R. SAUNDERS

TAS/PWG/bw (18 July 1957)

Distribution:

Orig. & 2 - Addressee

- 1 - RI
- 1 - Signer's Copy
- 1 - Finance Division
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- 1 - TAS Subject Return
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- 1 - TAS Reading

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C/EE

(Releasing Officer)

FD

(Coordinating Officer)

C/TAS

(Authenticating Officer)

MR 52 1 RS BR

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MEMORANDUM FOR: Chief, Technical Accounting Staff

18 July 1957

FROM : Deputy Chief, Finance Division

SUBJECT : Costing of Property Procurement and Issues

25X1

1. After reviewing the [] dated 1 July 1957, with specific attention being given to paragraph 6, it is apparent that the main objective of the directive is to earmark a sufficient amount of each Base's allotment to cover the cost of property issues from stock, which items were not charged to the receiving project (or allotment) at time of acquisition.

2. The tone of the directive would indicate that such issues are in the minority and that such transactions are to be recorded in "memorandum account" for purposes of establishing a quarterly allotment adjustment (withdrawal from the Base by the Station) as a means of accomplishing the "earmarking" referred to in paragraph 1 above.

3. Inasmuch as such recordings are to be made for memorandum purposes, as a result of periodic analysis of the monthly Property Issues Report and in effect constitutes a schedule of issues by allotment account number, which items are not true obligations subject to recording in the allotment record of the base, there appears to be little or no justification for reporting such items as obligations on Schedule E, thus requiring subsequent adjustment at both the field level and at headquarters.

25X1 4. Accordingly it is suggested that Alternative B of paragraph 2 of Dispatch No. [] be eliminated and that the Station be advised to adopt the procedure set forth in Alternative A. It appears that the overall question involves a basic policy decision which could affect DD/P as a whole. It is assumed that this has been recognized and that the subject has been discussed with appropriate offices.

[] 25X1

M-400

01 JUL 57

COSTING OF PROPERTY PROCUREMENT AND ISSUES
EE/REG

ABSTRACT FILE SLIP

(18)

FORM NO. 44d
1 AUG. 55 USE PREVIOUS EDITIONS

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ROUTING AND RECORD SHEET

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INSTRUCTIONS: Use officer designations in the "TO" column. Number each comment to correspond with the number in the "TO" column. Draw a line across the sheet under each comment. Each officer should date and initial (check mark insufficient) before further routing. This Routing and Record sheet should NOT be removed from the attached RECORD document.

FROM:

RI/AN

DOCUMENT NUMBER

25X1

DOCUMENT DATE

9 JUL 1957

TO	ROOM NO.	DATE		OFFICER'S INITIALS
		RECEIVED	FORWARDED	
1. <i>EE/REG</i>	<i>2020 K</i>	<i>10 JUL 1957</i>		<i>AS</i>
2.				
3. <i>Office of the Comptroller</i>				
4.				
5.				
6.				
7.				
8.				
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10.				
11.				
12.				
13.				
14. <i>RI/FI</i>				

COMMENTS

NOTE: If a copy or attachments are removed from the attached document, note the location of the copy and/or attachment hereon. If this RECORD COPY is to be retained in the files at the Desk, call the Central File Section for permanent loan.

*1 cc w/att to FD
2 cc w/att to EE/BUD*

FILE TITLE

FILE NUMBER

ENCLOSURE

ABSTRACT

DATE PROCESSED

INDEX

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STAT

Approved For Release 2002/07/12 : CIA-RDP79-00065A000200120028-6

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VIA _____
(Specify Air or Sea Pouch)

DISPATCH NO. _____

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CLASSIFICATIONTO Chief, EE
FOR: _____ Deputy Comptroller

DATE 1 July 1957

FROM Chief of Station, _____

INFO: Chief, Finance Division

SUBJECT { GENERAL Administrative/Finance
SPECIFIC Costing of Property Procurement and Issues

1. You will no doubt recall the discussions held during your recent TDY to the Station concerning the policies and procedures followed _____ to ensure that the total costs of projects and activities do not exceed their planned and authorized scope.


2. Since then, continued study of the problem has been made with the view of making greater use of accounting data obtained under the FPA and budgetary procedures currently in effect _____. Specifically, our sights were aimed at finding, to quote from a dispatch from the Chief, _____ "a device to review total charges of an operation against those planned and approved." We likewise gave cognizance to your statement relative to the Budget Division Chief's objections concerning the tying up of funds for an unduly long period in those instances in which material was withdrawn from "stock" with an equivalent amount of the field allotment being blocked.

3. The attached Station Directive is a product of this study. We took the liberty of issuing it without prior coordination with your office upon the basis that it:

- a. Does not involve any changes of a policy nature. On the contrary, it merely reduces to writing the policy and procedures already in effect, or supposed to be in effect, within the Station. It will likewise permit us to disseminate to management more meaningful information concerning use of Station resources (cash or property) gleaned from the FPA issue reports. This was not possible heretofore because we never knew what portion of the total issues as reflected in the reports represented direct charges as contrasted to property withdrawals from "shelf stock."
- b. Coordination within the Station and Bases indicated that all personnel were in agreement and no difficulty was anticipated by anyone in complying with its provisions.

~~SECRET~~
CLASSIFICATION

25X1


1 July 1957
Page Two

~~CONFIDENTIAL~~
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c. We were highly desirous of getting it out effective with the start of the new fiscal year.

4. We trust that the directive will meet with your approval and solicit your support, particularly with respect to the provisions contained in paragraph 3a relative to procedures desired when orders or requisitions for material are placed upon Headquarters. Appropriate personnel in the Accounts Branch, Finance Division, should be advised that future FPA reports from the Station will reflect the proper 600.2 charges, but that in some instances the total charge will be broken out in two figures rather than one as previously done for internal Station budgetary utilization.

5. Any comments or suggestions which you may desire to make relative to the directive will be most appreciated.

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Attachment:

 dated 1 July 1957

Distribution:

- ✓ 2 - Office of Comptroller w/att (2 copies)
- 1 - Chief, Finance Division w/att (2 copies)
- 2 - EE w/att (2 copies)

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CONFIDENTIAL

FISCAL

1 July 1957
Page One

25X1

25X1 Rescission: [] Memorandum, Logistical Support
of Subsidy and Proprietary Projects, 24 May 1956Costing of Property Procurement and Issues1. PURPOSE AND SCOPE

The purpose of this Directive is to establish procedures which will assure that the total costs of projects and activities do not exceed their planned and authorized scope. To do this it is necessary to ensure that the value of supplies and equipment purchased for or issued to such projects and activities is charged against their allotments. This Directive supplements []

25X1

2. GENERAL

There is no difficulty in applying the costs of items to be purchased in the field or at Headquarters to the appropriate allotment if the cryptonym or allotment account number of the using project or activity is accurately reported on requisitioning or purchase documents. This is accomplished by charging the cost of all expendable or non-expendable material directly to the respective project or activity allotment. There is difficulty, however, if the requisitioned items can be and are furnished from field supply depots. It has been determined, however, that all items in supply depots can be identified as to whether:

- a. They were purchased for and were originally charged to the allotment of the requisitioning project or activity and are only in storage pending delivery instructions, or
- b. They were purchased and charged against other allotments and are carried in stock in anticipation of requisitions from unidentifiable projects or activities.

It is therefore both desirable and appropriate that projects and activities having authorized allotments be charged for the value of property drawn from supply depots.

3. REQUISITION OR ORDERS

a. Requisition or orders placed upon Headquarters shall indicate the allotment account number of the project or activity for which the material is being ordered. The cost of the material will be charged against any

~~SECRET~~

CONFIDENTIAL

25X1

FISCAL

1 July 1957
Page Two

portion of the total allotment retained at Headquarters or, if such is not available, Headquarters will adjust the field allotment.

b. Requisitions or orders placed upon Base, KURIOT, or KUCLUB supply depots shall indicate the allotment account number of the using project or activity and shall bear a statement that sufficient funds are available in the allotment to cover the cost of the items requisitioned.

4. ISSUE DOCUMENTS

All individual issue documents shall indicate (1) whether the items issued were originally purchased and charged against the allotment of the project or activity for which they have been requisitioned or (2) whether the items represent issues from stock, the cost of which was originally charged to the Support or other general procurement allotment or represents the reissue of material returned to stock as surplus regardless of the account originally charged.

5. MONTHLY FPA ISSUE REPORTS

The monthly FPA Issue Reports shall be summarized to reflect the dollar value of all property issues by each of the two categories defined in paragraph 4 above. The category of issues representing material not previously charged to allotment of the project or activity for which it has been issued shall be analyzed to reflect the allotment accounts to be charged.

6. ACCOUNTING

a. The costs of material or equipment issued for projects or activities whose allotment was not charged at the time of procurement will be set up on Memorandum Records by allotment account number and shall be reported on Schedule E the same as cash obligations. At not less than quarterly intervals, the Memorandum Accounts will be totaled and advice furnished the COS/Comptroller Staff of the amounts, by allotment account, which are to be withdrawn from existing allotments or withheld from future quarterly allotment advices. Upon receipt of advice from the COS/Comptroller Staff that appropriate allotment adjustments have been effected, the Base Finance Officer will adjust the obligations accordingly by reducing the recorded obligations in an equivalent amount.

b. In the last quarter of the fiscal year the allotments and obligations will be adjusted at the end of May instead of 30 June in order to effect release of any surplus funds prior to the end of the fiscal year.

c. The total allotment deductions for property issues for the fiscal year should equal the cost of issues from stock as shown on the monthly FPA Property Issue Reports.

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Pr. Property purchased at headquarters cannot be applied to appropriate allotment since all procurement at hqtrs is against procurement allotment and transferred to field supply depot as a property transfer.

Charges to allotments for property drawn from supply depots will result in overstatements of obligations (and understatements of balances of funds available) pending quarterly adjustments provided for in paragraph 6.

Pr. Hqtrs will not save allotment numbers relating to requisitions from hqtrs. Also incorrect to state that such material ordered from hqtrs will be charged to portion of allotment retained at hqtrs or result in a reduction of a field allotment.

no comment
in reply
needed
Pr. This indicates that the same type of authorization available certification is contemplated as is required at hqtrs under the property authorization procedure.

" Pr. Not evident as to how they accomplish identification between (1) and (2)

" Pr. This seems to involve as much work ^{reporting} as p.a. would.

" Pr. Memo records would be about same as required for p.a.